

Part 5 of 10

July 25, 2001

Ms. Bliss Higgins
Assistant Secretary
Environmental Services Division
Louisiana Department of Environmental Quality
P. O. Box 82135
Baton Rouge, LA 70884-2135

RE: Motiva Enterprises, LLC
Low Sulfur Gasoline (LSG) Project - Related Emission
Increase Methodology

Dear Ms. Higgins:

On April 10, 2001, we received a copy of a proposal sent to you by Motiva's two Louisiana refineries (see enclosure). Motiva's concern relates to the acceptable method to calculate emission increases resulting from their proposed LSG project. The company proposes to install new desulfurization equipment at their refineries designed to comply with the Environmental Protection Agency's (EPA) Tier 2 LSG regulation. The new equipment will result in increased utilization of existing equipment at the refineries. The existing equipment at which increased utilization is expected to occur as a result of the new desulfurization equipment will likely include steam boilers, hydrogen plants, sulfur recovery units, and flare systems. Motiva proposes to calculate emission increases from the existing equipment which will support the new desulfurization equipment based on what they term the "proposed potential increase in utilization" caused by the need to support the new equipment.

As you are aware, EPA's regulations define a "major modification" as one in which a physical change or change in the method of operation of a major stationary source results in a significant net emissions increase (see 40 Code of Federal Regulations section 52.21(b)(2)). In determining whether a proposed change will be a major modification, it is necessary to first calculate the total increase in emissions that will result from the proposed changes at the source. This calculation includes (1) increases occurring at all new or modified units, and (2) any other increases at existing emissions units not being modified which could experience emission increases that will

result from the change. (It is important to note that emission decreases that may be associated with a proposed project are not considered in this initial step. They may, however, be considered if the source wishes to net the project out of major new source review by considering all increases and decreases in emissions that are contemporaneous with the project and otherwise creditable.) The existing equipment described above by Motiva are examples of units which will not be modified as part of the change, but could nonetheless experience emission increases as a result of the operation of the new desulfurization equipment.

For the new and modified units associated with the new desulfurization unit, actual emission increases are calculated by subtracting the actual emissions at those units averaged over the preceding two years (or other more representative period) from the emission levels at maximum allowed production capacity of the units. In the case of the existing equipment not undergoing a change, but whose emission levels could be affected by the change at the facility (e.g., because of increased demand for steam and other products), emissions increases should be calculated as the worst case increases that could occur at those existing units if the new or modified units were to operate at their maximum permitted capacity. The company should provide conclusive evidence that all potential emissions increases associated with the operation of the project are accounted for within the New Source Review application provided to you for review.

If you have questions or comments concerning this matter, please feel free to contact me at (214) 665-6656 or Mr. Rick Barrett of my staff at (214) 665-7227.

Sincerely yours,

Rebecca Weber
Associate Director for Air
Multimedia Planning and
Permits Division

Enclosure

bcc: Jole Luehrs
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